

Message Text

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ACTION EB-07

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E.O. 11652: N/A

TAGS: EAIR, BL

SUBJECT: BRANIFF'S SITUATION

1. BRANIFF VICE PRESIDENT OF SERVICE FOR SOUTH AMERICA JOSEPH MC CORMACK, TOGETHER WITH LOCAL BRANIFF MANAGER, JULIO QUIROGA, CALLED ON AMBASSADOR NOVEMBER 21 TO DISCUSS BRANIFF'S CURRENT SITUATION IN BOLIVIA. MC CORMACK BEGAN BY SAYING HE WAS NOT ASKING FOR EMBASSY HELP AT THIS TIME.

2. MR. MC CORMACK SAID THE MOST IMPORTANT PROBLEM OUTSTANDING FOR BRANIFF WAS RENEWAL OF ITS OPERATING PERMIT. (THE PERMIT EXPIRED IN FEBRUARY, 1972.) HE SAID GOB HAD REFUSED TO RENEW OPERATING PERMIT PENDING NEGOTIATION OF NEW GOVERNMENT-TO-GOVERNMENT BILATERAL AIR AGREEMENT. SAID, HOWEVER, THAT HEARING ON BRANIFF'S APPLICATION FOR RENEWAL OF PERMIT HAD BEEN SET FOR DECEMBER 3, BUT THAT BRANIFF NEEDED POSTPONEMENT TO DECEMBER 9. (LATER ON NOVEMBER 21 MC CORMACK CALLED TO SAY GOB HAD AGREED TO POSTPONEMENT TO DECEMBER 9.) MC CORMACK SAID BRANIFF WOULD ARGUE THAT BOLIVIA NEEDED PASSENGER CAPACITY THAT BRANIFF COULD PROVIDE. HE ADDED THAT BRANIFF WOULD CONTINUE TO ASSIST LLOYD AEREO BOLIVIANO (LAB), INCLUDING ITS EFFORTS TO FLY ONCE OR TWICE A WEEK TO MIAMI. MC CORMACK SAID HE WAS FAIRLY CONFIDENT THAT BRANIFF WOULD FINALLY BE GIVEN ITS LIMITED OFFICIAL USE

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OPERATING PERMIT.

3. HE NOTED, HOWEVER, THAT GOB WISHED TO RESUME NEGOTIATION OF BILATERAL AGREEMENT AS SOON AS POSSIBLE. HE SAID HE DID NOT THINK LAB WOULD BE READY TO FLY TO MIAMI FOR SEVERAL MONTHS YET.

4. MC CORMACK SAID THE STATE AIRPORT AND AIR NAVIGATION AGENCY (ASAANA) WAS AGAIN TRYING TO RETROACTIVELY CHARGE BRANIFF FOR KEEPING ITS AIRPLANE SERVICING AND RAMP FACILITIES ON THE LA PAZ AIRPORT RAMP. SAID DECREE HAD BEEN ISSUED ON OCTOBER 24 GIVING ASAANA POWER TO OPERATE RAMP FACILITIES OR CHARGE OTHER WHO OPERATED SUCH FACILITIES.

5. BRANIFF AT FIRST HAD OFFERED TO FORM MIXED COMPANY, CONTRIBUTING ITS EQUIPMENT, RUNNING TECHNICAL SIDE AND TAKING MINORITY INTEREST IN COMPANY. MC CORMACK NOTED THAT ASAANA'S EXPECTATIONS OF 40 PERCENT PROFIT ON INVESTMENT WERE UN-REALISTIC. (LATER QUIROGA REPORTED THAT ASAANA NOW TENDING TOWARD SEEKING TO CONTROL OPERATION ITSELF AND ASKING BRANIFF TO ENTER TECHNICAL MANAGEMENT CONTRACT.)

6. QUIROGA CALLED ON EMBOOFS NOVEMBER 22 TO ASK FOR HELP IN INFORMING GOB THAT \$B 20 PER TICKET TAX ON FOREIGN AIRLINES (THAT GOB HAS BEEN TRYING TO COLLECT SINCE FEBRUARY, 1973) IS DISRIMINATORY AND IS CONTRAVENTION OF BILATERAL AIR AGREEMENT AND COMMERCIAL TREATY. TAX WOULD BENEFIT GOB TOURISM INSTITUTE AND WOULD BE ACCEPTED BY FOREIGN AIRLINES IF LAB ALSO REQUIRED TO PAY. ONLY LUFTHANSA IS NOW PAYING TAX.

7. IN REPLY QUESTION AS TO WHY HEARING NOW BEING HELD ON OPERATING PERMIT FOR BRANIFF, QUIROGA SAID LAB OFFICIALS WISHED TO USE HEARINGS AND PERMIT TO RESTRICT BRANIFF'S OPERATIONS IN BOLIVIA.
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